

## FREQUENTLY ASKED QUESTIONS

### INDUSTRY CIRCULAR 2004-3

*1. What are the advantages of using the Alternative Procedure announced in Industry Circular 2004-3?*

This alternative procedure allows you to maintain all copies of required documents at your premises, use your system of commercial records to substantiate that transactions are removals for export, and submit a Monthly Report of Goods Exported electronically to the National Revenue Center (NRC) once each month. We hope that this procedure will lessen the burden on industry and reduce unnecessary paperwork.

*2. May I use my commercial records as proof of exportation?*

You may use your commercial records as proof of exportation if you ask for and receive approval to use the alternative procedure outlined in Industry Circular 2004-3, Alcohol and Tobacco Export Documentation Procedures. Your system of commercial records must include all records needed to establish a complete audit trail for the exported product, from order acceptance through final payment.

*3. May I still use a signed bill of lading as acceptable proof of export?*

Yes. According to 27 CFR parts 28 and 44, an export bill of lading, signed by the manufacturer and carrier, proves, in itself, exportation to a foreign country. If you apply for the new alternative procedure, you can still continue to use one of the documents specified as acceptable in Industry Circulars 2000-2 and 2004-3 to prove exportation.

*4. May I provide only one or two documents, such as a purchase order and proof of payment, as proof of exportation?*

No. One or two documents alone do not comprise an entire system of commercial records. We must be able to establish a complete audit trail for the exported goods—from the initial purchase order, production, shipping, export lading, U.S. Customs and Border Protection clearance/acceptance, to account payment.

*5. Does TTB accept automated or unsigned copies of Ocean Bills of Lading (OBL) as acceptable proof of exportation?*

You may use an unsigned or automated OBL in conjunction with your entire system of commercial records to prove exportation. It must clearly show that a vessel has taken possession of a container and be consistent with and supported by all other documentation of the export transaction. You must maintain this

unsigned or automated OBL at your premises for us to consider it part of a whole system of records.

*6. Is a digital signature, or a fax or photocopy of a document containing a signature acceptable to TTB as proof of exportation? **NEW***

Yes. We will accept a digital signature, or a fax or photocopy as proof of exportation as long as the document is legible and contains a valid signature.

*7. How may I obtain an electronic copy of the Monthly Report of Goods Exported that is included in Industry Circular 2004-3?*

[Click here](#) to download this form.

*8. If I cannot electronically submit the Monthly Report of Goods Exported, may I still request this alternative procedure?*

Yes. You may apply for the alternative procedure if your organization has no electronic capability to submit the Monthly Report of Goods Exported. In that case, the National Revenue Center will accept paper copies of the Report in place of the electronic report prescribed in Industry Circular 2004-3. When you submit your request for the alternative procedure, provide the specific reason(s) for submitting a paper report.

*9. Should I submit the Monthly Report of Goods Exported twice—once when the Report is originated and, again, 3 months afterwards?*

Yes. You must submit this Report on or before the 15<sup>th</sup> day of the month following the month the Report covers. You must submit another Report 3 months later that indicates that you have received proof of exportation for each entry or that you paid for the goods entered on your first TTB Form 5000.24, Excise Tax Return.

*10. If I receive the proof of export for all removals during a particular month, and indicate this on my Monthly Report of Goods Exported for that month, do I still have to resubmit the report three months later? **NEW***

No. If you show that you have received proof of export for each removal when you initially submit your Monthly Report of Goods Exported, you do not have to resubmit the report again.

*11. If I apply for the alternative procedure, do I need to file the Monthly Report of Goods Exported even if I do not export during the month?*

Yes. Once you are approved for the alternative procedure, you do need to file the report even if you do not export during the month.

12. *If I decide to curtail exporting for an extended period, when can I stop submitting this report?*

You must keep sending in a negative report until you receive our approval to suspend the reporting requirement.

13. *When I report the removal of tobacco products on the Monthly Report of Goods Exported, could I use the same alphabetical codes specified on TTB F 5200.14, Notice of Removal of Tobacco Products, Cigarette Papers, or Cigarette Tubes, Item 10, to identify the type of export?* **NEW**

Yes. For tobacco products, you may use the same codes listed in Item 10 of TTB F 5700.14 to identify the type of export on the Monthly Report of Goods Exported. For example, the letter “M” can be used to indicate a removal of tobacco products for transfer to a Duty Free Store.

14. *Should I send the National Revenue Center (NRC) supporting documentation when I file Export Drawback claims on TTB Forms 5110.30, 5130.6, and 5120.24?*

Yes. This alternative procedure does not affect filing of any Export Drawback claims.

15. *My commercial records system does not include sufficient evidence that a product was exported, 90 days after the removal of the product. Must I pay the tax due?* **NEW**

If you are certain that you do not have sufficient evidence of exportation, then yes, you must pay the applicable taxes and make an increasing adjustment under Schedule A on Excise Tax Return, Form 5000.24. [Click here](#) to see the reports schedule and payment instructions. However, in some instances, although you may be waiting for a particular document that you normally obtain to prove that a shipment was exported, you may have a combination of documents that might suffice to prove exportation.

*Example: You normally obtain the master’s signature on Form 5200.14, Notice of Removal of Tobacco Products... as evidence of lading for cigarettes sold as supplies for a vessel. On one sale, the master failed to sign the form or certify a bill of lading to evidence receipt. In lieu of this typical evidence, your records include the order, signed delivery ticket for the products delivered to the vessel at dockside, invoice to the ship’s operators, and the record of payment for the cigarettes. Your records, in this case, reflect a normal commercial transaction that includes payment for goods received. In this example, you have in hand evidence that can be sufficient for an auditor to conclude that the product was delivered to the vessel and paid for by the customer as a valid purchase.*

Even though you may be waiting to receive a particular document associated with a shipment, you will be relying on your best judgment that your commercial records system documents the shipment within the 90-day timeframe. If your commercial records evidence the movement and receipt of goods by the customer, financial transactions, and account payment for a particular shipment, then your commercial records system may be sufficient to prove exportation.

You may contact your TTB specialist at the National Revenue Center or e-mail us at [exports@ttb.gov](mailto:exports@ttb.gov) if you have questions concerning sufficiency of proof.

*16. My commercial records system does not include sufficient evidence that a product was exported, 90 days after its removal. What happens if I do not voluntarily pay the tax due?* **NEW**

If you fail to voluntarily pay the tax, TTB will impose applicable penalties and interest, in addition to initiating a collection action for the tax. You also risk cancellation of your approval for the alternative procedure granted under Industry Circular 2004-3. We condition such approvals upon compliance, and we view non-payment of tax, as provided in the approval, as a serious non-compliance matter.

After you review the questions on this page, if you still have remaining questions, please e-mail them to [exports@ttb.gov](mailto:exports@ttb.gov). The FAQ's will be periodically updated as needed to address your questions.